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EDITORIAL

We feel honoured and privileged to present the Bi-Annual Peer Reviewed Refereed Journal, ISSN (Online): 2583-5203, Volume 4, No. 01, June, 2025 among our esteemed readers and academic fraternity.

This Journal is the outcome of the contributions of insightful research-oriented papers/articles by various eminent academicians, and research scholars in a highly organized and lucid manner with a clear and detailed analysis related to the emerging areas in the fields of Social Sciences and Allied Areas.

The views expressed in the research-oriented papers/articles solely belong to the paper contributor(s). Neither the Publisher nor the Editor(s) in any way can be held responsible for any comments, views and opinions expressed by **paper contributors.** While editing, we put in a reasonable effort to ensure that no infringement of any intellectual property right is tolerated.

We also express our sincere thanks and gratitude to all the contributors to research papers/ articles who have taken pain in preparing manuscripts, incorporating reviewer(s) valuable suggestions and cooperating with uxs in every possible way.

We also express our heartfelt gratitude to all the esteemed members of the Editorial Board, Esteemed Reviewer(s) who despite their busy schedules have given their valuable time, suggestions and comments to enrich the quality of the contributory resears paper(s) in bringing to light this June issue.

Last, but not least, we revere the patronage and moral support extended by our parents and family members whose constant encouragement and cooperation made it possible for us to complete on time.

We would highly appreciate and look forward to your valuable suggestions, comments and feedback at **editorbr2022@gmail.com**

June, 2025
West Bengal, India

PEMA LAMA
Editor-in-Chief

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RESEARCH ARTICLE

Examining the Impact of Financial Socialisation on Financial Preparedness in West Bengal

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ABSTRACT

The purpose of this article is to evaluate how financial socialisation impacts financial readiness in the region of West Bengal. This connection is depicted in a model based on their hierarchical order of significance. Information was gathered via the administration of questionnaires, and an analysis using a two-stage approach in partial least squares-structural equation modelling (PLS-SEM) was employed for assessing the suitability of hierarchical modelling. The results suggest that financial socialisation takes place through diverse socialisation agents like family, peers, and media, and it positively influences financial readiness. The conceptual attributes of Financial Preparedness align with the reflective-formative nature of the second-order hierarchical component within the models.

The research provides a comprehensive comprehension of the systematic factors necessary to improve financial preparedness in West Bengal. It provides guidance to both the public and the government regarding essential considerations for adequately preparing to meet future financial requirements. Additionally, it offers an alternative approach for researchers aiming to introduce a hierarchical component in Financial Preparedness within different geographical areas.

1 INTRODUCTION

Financial preparedness involves strategising to take charge of forthcoming financial needs. Insufficient financial readiness is a worldwide issue that alarms companies, policymakers, and society at large due to the growing life expectancy, escalating healthcare expenses, diminishing pension support, fewer available caregivers, and a shrinking workforce to support the expanding population of retirees (Maniar & Mehta, 2021). Both academic experts and influential figures in the business world highlight the necessity of addressing these challenges.

Decisions regarding financial and health planning at various life stages are crucial for future well-being (Setyorini et. al., 2021). The future financial readiness of numerous individuals correlates with their current income and contentment with their existing financial status, also known as financial satisfaction (Fakhruddin et. al., 2022). Their anticipated future income is also linked to financial preparedness, given the ambiguity surrounding the amount of pension income individuals will receive and the extent of their financial requirements. Apart from having financial expertise, individuals' readiness to embrace or evade risks can assist in reducing such unpredictability. Their personal actions will also be crucial in this context. Certain individuals tend to save, whereas others either lack the willingness or the financial resources to engage in saving. Conventional economic theory suggests that individuals who plan for the future maximize their anticipated lifetime satisfaction by leveraging economic insights to accumulate retirement funds throughout their careers, simultaneously boosting their savings adequately to offset reductions in other income sources (Akben-Selcuk & Aydin, 2021).

Preparations for future financial security can vary among different groups, influenced, for instance, by factors such as education, societal impact, financial status, and cultural background within these cohorts (Akash et. al., 2024). This paper centers on financial socialization, the mechanism through which individuals acquire and enhance their comprehension of financial ideas and methodologies via interactions with family, peers, media, and society as a whole (Gudmunson et. al., 2016). These interactions significantly contribute to people's capacity to plan for their financial future. This progression unfolds across a person's lifetime, commencing during childhood and extending into adulthood. Our focus is on individuals in the middle of their careers, between 41 and 60 years of age. Typically, individuals in their early 40s have around 20 to 30 years to plan and prepare for their financial future before retirement. Their financial choices can also be influenced by their life experiences, such as the influence of socialising influences, their age, and their socioeconomic standing.

This preliminary study examines two elements that define the financial readiness of a middle-aged worker as an "outcome variable": readiness for retirement and readiness for emergencies. A less-explored domain pertains to emergency readiness, a crucial aspect of disaster preparedness that significantly contributes to effective responses during disasters and subsequent recovery. It also plays a critical role in mitigating financial risks and potential descent into poverty associated with disasters (Cong & Feng, 2022). Moreover, the economic turmoil is posing various challenges for individuals and families. Disparities may widen due to variations in financial resources, which aid in covering expenses such as food, rent, and mortgage payments, mitigating the effects of job loss and reduced income, and facilitating access to protective measures.

2 STATEMENT OF THE PROBLEM

Recent research suggests that unpreparedness places an individual's life at risk due to various uncertainties that arise when direct employment ceases (Choi et. al. 2022). Specific structures related to retirement finances, like the availability of pension plans or access to employer-sponsored plans, play a crucial role in shaping prudent savings decisions (Li, 2023). While financial socialisation and financial preparedness have been significant focal points in behavioural financial research, their examination within the context of West Bengal has been infrequent. Typically, research on financial preparedness concentrates on behaviours related to retirement readiness to financial wellness, with less emphasis on the influential role of socialisation agents like family, peers, or media.

Hence, the present paper aimed to address the query: To what extent does financial socialisation, conveyed through diverse socialisation agents like parents, peers, and media, impact the financial preparedness for both retirement and emergencies among individuals residing in the state of West Bengal?

3 LITERATURE REVIEW

Financial Socialisation

Financial socialisation refers to a process through which individuals obtain essential skills, information, and attitudes to enhance their capabilities within the financial marketplace (LeBaron & Kelley, 2021). The theory of financial socialisation offers a comprehensive framework for examining retirement preparation. In particular, this theory deals with the cultivation of financial "values, attitudes, standards, norms, knowledge, and behaviours that contribute to the financial stability and well-being" of individuals (Zhao & Zhang, 2020).

Financial Socialisation through Family

Within the framework of familial interactions, individuals are influenced in their understanding of when and how to allocate finances, emphasising both spending and saving behaviours and the hierarchy of their financial priorities. As per (Gudmunson & Danes, 2011), certain financial socialisation takes place overtly within families, but the majority of instruction and absorption of financial behaviours happens as family members observe the actions of others. This socialisation is linked to the cultivation of financial management skills, defined through financial attitudes, knowledge, and abilities.

While literature on financial socialisation has explored how young individuals acquire knowledge from their parents, fewer studies have investigated the potential for socialisation within marital relationships (Curran et. al., 2018). The relationship between spouses can significantly influence the financial experiences of a couple. (Jorgensen et. al., 2017) identified as components of successful marriages, key financial management practices among couples involve in reducing debt and living within their means. Moreover, when couples' spending habits align, it leads to a decrease in marital conflicts (Koochel, 2020). (Irby, 2024) discovered that couples in the United States commonly engage in shared decision-making concerning financial affairs. Moreover, planning for retirement and emergencies frequently takes place within the framework of marriage. As part of the socialisation process, spouses impact each other's timing and preparation for retirement (Kim et. al., 2025).

Financial Socialisation through Peers

Beyond structured financial education and its dedication to promoting financial literacy, the interaction of an individual with social influencers, such as friends, colleagues, and peers, plays a crucial role among young adults in optimising their understanding of money and wealth (Alodya, 2021). Prior studies have shown that individuals acquire financial knowledge from formal educational systems alongside interactions with socialisation agents (Shim et. al., 2010). Theoretical and empirical findings suggest that individuals explore financial instruments through social interaction, which includes informal communication or knowledge obtained from familiar sources (Marchant & Harrison, 2020). Scholars have also observed that the influence of peers is crucial in shaping an individual's financial behaviour (Goyal et. al., 2023). Therefore, it can be concluded that peers undeniably play a crucial role in determining an individual's financial behaviour.

Financial Socialisation through Media

The media serves as another important socialisation tool for children and adolescents. In research work by LeBaron & Kelley 2021), roughly 33% of secondary schools reported using mass media and the internet as sources to obtain financial information. Studies have also shown the degree to which television influences adolescents' purchasing desires, brand recognition, materialistic attitudes, and financial behaviours (Sandhu, 2017). (Khan & Ahmad, 2022) discovered that individuals who used media (such as brochures, publications, software, and the internet) as a source of financial information tended to exhibit improved financial habits and greater financial satisfaction. They argued that media sources serve as a significant resource for self-education on financial issues. (Lusardi & Mitchell, 2011) also showed that there is a strong connection between financial literacy and socio-demographic characteristics, as well as the complexity of household finances.

Financial Preparedness

Financial preparedness refers to an individual's capacity to get ready for their financial future (Kasper et. al., 2019). In a more comprehensive context, financial preparedness encompasses having command over one's finances, extending across savings and investments to meet future needs, such as retirement, as well as allocating funds for unexpected situations (Barua et. al., 2019). This preliminary study examines two aspects that determine the financial readiness of middle-aged workers as an "outcome variable": readiness for retirement and readiness for emergencies.

Financial Preparedness for Retirement

(Akben & Aydin, 2021) observed that proactively planning for retirement can contribute to achieving a sense of command over one is future. Numerous retirees frequently experience a decline in quality of life due to reduced income after retirement, stemming from inadequate forethought and planning (Veiria et. al., 2023). One straightforward approach to assess whether individuals anticipate and prepare for the future is by analysing the level of retirement planning and their readiness for it (Lusardi, 2003). A decrease in income or its absence can result in hardship, particularly concerning maintenance and health concerns (Yueng & Zhou, 2017). Economic reasons for these deficiencies involve variations in discount rates, risk aversion, and credit limitations, yet the existing empirical literature has been unable to explain a significant portion of the observed differences in wealth.

(Magera, 1999) has defined retirement planning as a methodical approach to allocating resources, business ventures, and time to generate income during one's older age. Warshawsky stated that financial preparedness for retirement implies that, individual is ready to sustain a state of financial independence throughout his/her entire retirement phase, maintaining a lifestyle akin to the one enjoyed during active employment even after formal work concludes.

(Moffatt & Heaven, 2017) noticed that not every individual approaching retirement age is financially equipped for it. Several factors contribute to this situation: some individuals have finite savings and assets for generating retirement income, some households lack foresight and do not accumulate assets because they undervalue preparing for the future, and others might face unexpected circumstances such as lower earnings or higher expenses than anticipated before retirement. Additionally, some individuals may have higher discount rates, preferring to consume a larger portion of their income while working, which may impact their consumption during retirement. Moreover, incorrect expectations about retirement income from sources like social security and private pensions, or misconceptions about life expectancy and post-retirement consumption needs, can also play a crucial role.

For guaranteed sufficient readiness for retirement, Amka (2020) suggest that a behavioural readiness process should take place. Initially, an individual needs to feel enthusiastic about the idea of retirement to be sufficiently motivated to seek guidance and information, and ultimately take steps to save for retirement. The last phase commonly includes the decision to save through a personal retirement savings account, an employer-sponsored retirement savings program, or both. The more robust an individual's attitudes and behaviours are before embarking on the final step of saving in retirement accounts, the higher the probability that selected financial actions will be "sufficient" in securing a comfortable retirement in the future.

Thus, financial socialisation might be a crucial aspect to consider in endeavours to determine readiness for retirement, which is the principal focus of this study.

Financial Preparedness for Emergencies

Building emergency savings could decrease the probability of facing financial difficulties and consequently, prevent the risk of descending into poverty due to unforeseen disasters (Chen, 2014). Particularly, research has indicated that natural disasters and climate change may act as primary contributors to global poverty, predominantly resulting from decreased income and migration following these disasters (Durante & Rosillo, 2020). In general, the level of readiness for financial emergencies was inadequate. For instance, the 2010 Survey of Consumer Finances revealed that roughly half of U.S. households possessed sufficient emergency funds, defined as 75% of 1 month's income. However, this percentage dropped to 37% among households living below the poverty line (Key) (Cong & Feng, 2022).

As per the 2018 National Household Survey (NHS), merely 67% of American households allocated some funds for emergencies, and among these, half had saved no more than $500 (FEMA, 2020). The patterns of emergency savings behaviours often align with the social vulnerability perspective. Individuals with higher education, managerial job positions, and increased income levels tend to exhibit better financial readiness for emergencies (Bhargava & Lown, 2006). Additionally, retired individuals consistently show a higher likelihood of having adequate emergency savings (Bhargava). A shortage of resources due to poverty could serve as a significant obstacle to emergency preparedness, hindering the ability to take protective measures (Despard et. al., 2020). Economic hardship in old age remains a prevalent social issue, with numerous older adults surviving on fixed and diminished incomes (Nam & Lolbi, 2021).

4 METHODOLOGY

Instrument Development

The primary data collection method utilised a questionnaire, employing a self-report approach to measure the latent variables. The questionnaire comprised two sections. The first part consisted of a total of 10 questions. These queries were extracted from prior research on financial socialisation by (LeBaron et. al., 2022; Khawar & Sarwar, 2021) and adjusted to align with the current context. The second part of the questionnaire contained 9 questions aimed at assessing financial preparedness, which were borrowed and suitably adjusted from (Segel-Karpas & Werner, 2014; Kamaruddin & Samsudin, 2014). All the elements were assessed using a 5-point Likert scale, ranging from 1 for "strongly disagree" to 5 for "strongly agree." Following analysis with PLS-SEM (version 4.0), the gathered data met both the criteria for convergent validity and reliability (refer to Table 2).

Data Screening

285 questionnaires were distributed to respondents via the Internet and personal contact, resulting in 257 returned responses. Among these, an additional eight were excluded because of incomplete responses. The remaining questionnaires were additionally reviewed for any absent data, and only those with fewer than three missing values were chosen for analysis (Imtiaz & Shah, 2008). Each missing value was replaced with the mean value of underlying variables, calculated from valid responses (Hair et. al., 2029). Ultimately, 244 questionnaires were employed for analysis, resulting response rate of 78%.

Respondent's Profile

Table 1 presents a snapshot of our survey participants. The majority of respondents were men (58.2%), with the remaining 41.8% being women. In terms of marital status, just over half (53.7%) were married, while a substantial portion (46.3%) were single. Educational backgrounds were diverse, with the largest group holding a bachelor's degree (57.4%), followed by a master's degree (35.3%). Comparatively, a smaller percentage had completed higher secondary education or below (5.8%), and a very small number held a Ph.D. or higher (1.5%). In terms of employment, nearly half (49.6%) worked in the private sector, while 31.5% were self-employed. Government employees made up 13.3% of the sample, and 5.6% were not currently employed, primarily identifying as homemakers.

We also looked at income as an important economic factor, dividing our respondents into five monthly income brackets: ₹25,000 – ₹50,000; ₹50,000 – ₹1,00,000; ₹1,00,000 – ₹1,50,000; ₹1,50,000 – ₹2,00,000; and above ₹2,00,000 (Table 1). Largest group of respondents (51.5%) reported monthly income between ₹50,000 and ₹1,00,000, while the smallest

Sample categories	Frequency	Percentage
Gender		
Male	142	58.2
Female	102	41.8
Monthly family income (INR)		
25,000 – 50,000	33	13.7
50,000 – 1,00,000	126	51.5
1,00,000 – 1,50,000	55	22.7
1,50,000 – 2,00,000	20	8.3
Above 2,00,000	12	4.8
Educational Qualification		
Higher Secondary or below	14	5.8
Graduate	140	57.4
Master's Degree	86	35.3
Ph.D or above	4	1.5
Marital Status		
Married	131	53.7
Single	113	46.3
Employment Status		
Private sector employee	121	49.6
Public sector employee	32	13.3
Self employed	77	31.5

Data Analysis

This study focused on examining the influence of Financial Socialisation (FS) on Financial Preparedness (FP) to construct a hierarchical model to evaluate this impact. The collected data underwent analysis using descriptive methods and the SMART PLS Structural Equation Model (PLS-SEM) version 4.0. As per (Hair et. al.; 2011), measurement models were conducted to assess the validity of the indicators.

To begin the analysis, the model was evaluated to verify the measurement quality of constructs by examining internal consistency reliability, convergent validity, and discriminant validity. Following this, structural model was assessed for determining its predictive ability and path coefficients. Moreover, the significance of path coefficients was determined by utilizing 5000 bootstrap subsamples at a 5 percent significance level (Hair et. al.; 2019).

5 RESULTS AND DISCUSSIONS

Reliability and Validity

Conventionally, the internal consistency reliability of data instruments is evaluated using Cronbach's alpha. Yet, in the context of PLS-SEM, the Cronbach's alpha value is notably impacted by several items within the construct. Hence, alongside Cronbach's alpha, Composite reliability is also evaluated to ensure internal consistency of items within the construct. Prior studies indicate that a threshold value exceeding 0.70 for both Cronbach's alpha and Composite reliability is considered acceptable, signifying good internal consistency reliability (Hair et. al.; 2019).

Table 2 displays statistics related to Cronbach's alpha and Composite reliability of the study's construct. As per the statistics, the Cronbach's alpha values for all scales range between 0.721 and 0.965, all surpassing the 0.70 threshold, signifying a robust reliability of the construct's items. Likewise, composite reliability values for all constructs range between 0.768 and 0.965, surpassing the acceptable value of 0.70, showcasing a good internal consistency reliability. Convergent validity assesses a model's capability to account for the variance in the indicators. The assessment of Average Variance Extracted (AVE) value is conducted to ascertain the convergent validity of the construct within models. An AVE value of 0.5 and higher is recognised as the threshold for confirming the existence of convergent validity. Table 2 presents statistics regarding the AVE for the model's constructs. As per the statistics, all the constructs have AVE values exceeding 0.5, indicating strong evidence of convergent validity.

Table 2
CONSTRUCT RELIABILITY AND VALIDITY ALONG WITH OUTER LOADINGS OF INDICATORS

Construct	Dimension	Indicators	Outer Loading	Cronbach's Alpha	CR	AVE
Financial Preparedness	Rtd. Prep.	RP1	0.965	0.965	0.965	0.934
		RP2	0.975			
		RP3	0.959			
	Emer. Prep.	EP1	0.815	0.788	0.821	0.700
		EP2	0.886			
		EP3	0.806			
Financial Socialization	FS_Family	FS_P1	0.813	0.835	0.826	0.657
		FS_P2	0.821			
		FS_P3	0.831			
		FS_P4	0.776			
	FS_Peer	FS_Pr1	0.794	0.721	0.768	0.629
		FS_Pr2	0.753			
		FS_Pr3	0.832			
	FS_Media	FS_M1	0.868	0.873	0.875	0.798
		FS_M2	0.895			
		FS_M3	0.916			

Source: *Smart PLS 4.0 Output*

Discriminant Validity

Fornell-Larcker criterion is a commonly employed method to evaluate discriminant validity of a model's constructs (Hamid et. al., 2017). As per this criterion, to ensure discriminant validity of the model's constructs, the square root of AVE of each construct should exceed the latent variable correlation of the underlying construct. In Table 3, values along the diagonal represent the square root of the Average Variance Extracted (AVE). Statistics in the following table vividly demonstrate evidence of discriminant validity for the model's constructs, as diagonal values for all constructs surpass their respective latent variable correlations within the same construct.

Table 3
FORNELL-LARCKER CRITERION FOR DISCRIMINANT VALIDITY

	Emr. Prep.	FP	FS	FS_Family	FS_Media	FS_Peer	Rtd. Prep.
Emr. Prep.							
FP	0.824						
FS	0.554	0.673					
FS_Family	0.463	0.904	0.811				
FS_Media	0.498	0.806	0.575	0.893			
FS_Peer	0.364	0.682	0.519	0.304	0.793		
Rtd. Prep.	0.929	0.518	0.443	0.438	0.363	0.966	

Source: Smart PLS 4.0 Output

Structural Equation Model: Hypothesis Testing

Table 4 displays hypothesised path coefficients, their values, standard errors, and associated significance values. Bootstrapping was utilised to acquire the statistical significance of the estimates for path coefficients (Hamid et. al., 2017). Table 4 illustrates the estimates of path coefficients within the empirical model. In this research, an error probability of 5% was utilised, leading to a significance level of 1.96. Referring to the T-values in Table 4, it is observed that Financial Preparedness is positively influenced by Financial Socialisation (β=0.554, T-value 20.532>1.96, P=0.003<0.005).

Table 4
STRUCTURAL EQUATION MODEL PATHS

Hypothesize Path	Path coefficients	STDEV	T Statistics	P Values
Emr. Prep. -> FP	0.446*	0.023	19.389	0.000
FS -> FS_Family	0.904*	0.019	47.819	0.000
FS -> FS_Media	0.806*	0.052	15.618	0.000
FS -> FS_Peer	0.682*	0.059	11.476	0.000
Rtd. Prep. -> FP	0.681*	0.033	21.592	0.000
FS -> FP	0.554*	0.031	20.532	0.003

**Path Coefficient is significant at 5 per cent*

Source: Smart PLS 4.0 Output

6 CONCLUSION AND LIMITATIONS OF THE STUDY

The present study aims to construct a hierarchical model for Financial Socialisation and Financial Preparedness in West Bengal, India. It demonstrates the potential use of PLS-path modelling to estimate parameters of a higher-order model, with a focus on the impact of Financial Socialisation on Financial Preparedness. It was found that financial socialisation can be viewed as a fundamental element essential for future financial preparedness. It is also conceptualised as a hierarchical latent variable model of the reflective-formative type within PLS - Path Modelling. Particularly, the latent variable factors were suggested as crucial elements that can be gauged as reflective factors to establish an effective Financial Preparedness model. The researchers subsequently employ a questionnaire to gather information that substantiates the statement. The study presents a significant methodological contribution in PLS - SEM concerning the development of the financial preparedness model. Primarily, this stands as the inaugural initiative of its kind in West Bengal.

In contrast to the prevailing method of using an aggregate approach to measure multiple items within lower-order dimensions, the developed hierarchical model provides an advantage by distinctly and accurately identifying and elucidating these dimensions separately. The model can also assist in mitigating any existing theoretical complexity. Thus, it can aid researchers focusing on financial preparedness issues in developing nations by identifying critical factors to consider when analysing path relationships. The adopted methodology can also function as a benchmark for future studies, both domestically and internationally.

The interpretation of the study's outcomes necessitates consideration of inherent limitations. Firstly, the restricted sample size and localised setting may preclude the extrapolation of findings to broader populations. Secondly, budgetary and temporal constraints limited the development of more granular financial behaviour models.

7 RESEARCH IMPLICATIONS AND FUTURE DIRECTIONS

The present research topic holds significant implications for policy development, financial service strategies, educational institutions, and societal well-being in case of Indian scenario. By identifying how diverse populations acquire financial knowledge and habits, policymakers can create targeted financial education programs, financial institutions can tailor products and services, and educational institutions can integrate financial literacy into curricula. Ultimately, understanding the nuances of financial socialisation in India's unique socio-economic context can empower individuals, promote financial inclusion, and contribute to a more stable and prosperous economy, particularly by addressing the rural-urban divide and the rapid adoption of digital financial technologies.

Future research should broaden the research area and should prioritize several key directions: exploring the role of digital financial socialization in a rapidly digitizing economy, particularly among youth and rural populations; examining the intersection of cultural norms and gender disparities in financial socialization and their resulting behavioural outcomes; conducting longitudinal studies to track long-term effects of financial socialization interventions and the evolution of financial habits across life stages; investigating the influence of emerging social media and influencer culture on financial decision-making; and developing culturally sensitive, context-specific models that account for India's diverse socio-economic landscape, including the rural-urban divide and regional variations in financial access and literacy. Additionally, research should focus on developing and evaluating the effectiveness of innovative financial literacy programs that leverage technology and community-based approaches to promote positive financial behaviours.

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